

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

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COMMISSION FILE NUMBER 1-11848

REINSURANCE GROUP OF AMERICA, INCORPORATED  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MISSOURI 43-1627032  
(STATE OR OTHER JURISDICTION (IRS EMPLOYER  
OF INCORPORATION OR ORGANIZATION) IDENTIFICATION NUMBER)

660 MASON RIDGE CENTER DRIVE  
ST. LOUIS, MISSOURI 63141  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(314) 453-7439  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

-----

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS  
REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE  
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO  
SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO  
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VOTING COMMON STOCK OUTSTANDING (\$.01 PAR VALUE) AS OF OCTOBER 31, 1998:  
25,243,612 SHARES NON-VOTING COMMON STOCK OUTSTANDING (\$.01 PAR VALUE) AS OF  
OCTOBER 31, 1998: 4,945,000 SHARES

## REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

|  | September 30,<br>1998  | December 31,<br>1997 |
|--|------------------------|----------------------|
|  | -----                  | -----                |
|  | (Dollars in thousands) |                      |
| <b>ASSETS</b>  |                        |                      |
| Fixed maturity securities  |                        |                      |
| Available for sale-at fair value (amortized cost of \$3,406,589 and<br>\$2,416,308 at September 30, 1998, and December 31, 1997, respectively)       | \$3,547,717            | \$2,528,290          |
| Mortgage loans on real estate  | 213,717                | 165,452              |
| Policy loans   | 471,637                | 480,234              |
| Funds withheld at interest   | 185,517                | 165,413              |
| Short-term investments   | 152,051                | 277,635              |
| Other invested assets  | 21,833                 | 16,977               |
|  | -----                  | -----                |
| Total investments  | 4,592,472              | 3,634,001            |
| Cash and cash equivalents  | 24,485                 | 37,395               |
| Accrued investment income  | 67,922                 | 34,377               |
| Premiums receivable  | 193,685                | 119,554              |
| Funds withheld   | 103,209                | 33,957               |
| Reinsurance ceded receivables  | 279,425                | 316,156              |
| Deferred policy acquisition costs  | 337,351                | 289,842              |
| Other reinsurance balances   | 205,581                | 153,134              |
| Other assets   | 42,326                 | 55,134               |
|  | -----                  | -----                |
| Total assets   | \$5,846,456            | \$4,673,550          |
|  | =====                  | =====                |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                        |                      |
| Future policy benefits   | \$1,376,011            | \$1,244,541          |
| Interest sensitive contract liabilities  | 2,664,109              | 1,969,270            |
| Other policy claims and benefits   | 404,899                | 344,848              |
| Other reinsurance balances   | 238,727                | 232,096              |
| Deferred income taxes  | 141,035                | 110,763              |
| Other liabilities  | 121,847                | 157,616              |
| Long-term debt   | 107,695                | 106,830              |
|  | -----                  | -----                |
| Total liabilities  | 5,054,323              | 4,165,964            |
| Minority interest  | 7,436                  | 8,265                |
| Commitments and contingent liabilities   |                        |                      |
| Stockholders' equity:  |                        |                      |
| Preferred stock (par value \$.01 per share; 10,000,000 shares authorized; no<br>shares issued or outstanding)  | -                      | -                    |
| Common stock (par value \$.01 per share; 75,000,000 shares authorized,<br>26,049,375 shares issued)  | 261                    | 261                  |
| Non-voting common stock (par value \$.01 per share; 20,000,000 shares<br>authorized; 4,945,000 shares issued; no shares issued at December 31, 1997) | 49                     | -                    |
| Additional paid in capital   | 486,906                | 264,748              |
| Retained earnings  | 247,327                | 196,685              |
| Accumulated other comprehensive income   | 70,989                 | 59,089               |
|  | -----                  | -----                |
| Total stockholders' equity before treasury stock   | 805,532                | 520,783              |
| Less treasury shares held of 805,763 and 844,535 at cost at<br>September 30, 1998, and December 31, 1997, respectively                               | (20,835)               | (21,462)             |
|  | -----                  | -----                |
| Total stockholders' equity   | 784,697                | 499,321              |
|  | -----                  | -----                |
| Total liabilities and stockholders' equity   | \$5,846,456            | \$4,673,550          |
|  | =====                  | =====                |

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
(Unaudited)

|   | Three months ended<br>September 30,           |           | Nine months ended<br>September 30, |           |
|---|---|-----------|------------------------------------|-----------|
|   | 1998  | 1997      | 1998                               | 1997      |
|   | (Dollars in thousands, except per share data) |           |                                    |           |
| <b>REVENUES:</b>  |   |           |                                    |           |
| Net premiums  | \$276,371                                     | \$197,910 | \$ 822,884                         | \$604,850 |
| Investment income, net of related expenses                              | 71,702  | 46,532    | 207,606                            | 134,376   |
| Realized investment gains (losses), net                                 | 639   | (353)     | 3,358                              | 566       |
| Other revenue   | 6,938   | 4,938     | 17,593                             | 13,929    |
|   | -----   | -----     | -----                              | -----     |
| Total revenues  | 355,650                                       | 249,027   | 1,051,441                          | 753,721   |
| <b>BENEFITS AND EXPENSES:</b>   |   |           |                                    |           |
| Claims and other policy benefits  | 200,505                                       | 143,870   | 630,575                            | 447,209   |
| Interest credited   | 38,821  | 21,668    | 111,178                            | 63,194    |
| Accident and health pool charge   | -   | -         | -                                  | 18,000    |
| Policy acquisition costs and other insurance expenses                   | 66,508  | 46,440    | 170,870                            | 134,708   |
| Other operating expenses  | 15,015  | 12,797    | 44,568                             | 35,526    |
| Interest expense  | 2,228   | 1,949     | 6,440                              | 5,853     |
|   | -----   | -----     | -----                              | -----     |
| Total benefits and expenses   | 323,077                                       | 226,724   | 963,631                            | 704,490   |
|   | -----   | -----     | -----                              | -----     |
| Income before income taxes and minority interest                        | 32,573  | 22,303    | 87,810                             | 49,231    |
| Provision for income taxes  | 11,765  | 7,797     | 31,563                             | 16,553    |
|   | -----   | -----     | -----                              | -----     |
| Income before minority interest   | 20,808  | 14,506    | 56,247                             | 32,678    |
| Minority interest in earnings of consolidated subsidiaries              | (151)   | (134)     | (464)                              | (383)     |
|   | -----   | -----     | -----                              | -----     |
| Net income  | \$ 20,657                                     | \$ 14,372 | \$ 55,783                          | \$ 32,295 |
|   | =====   | =====     | =====                              | =====     |
| Other comprehensive income, net of taxes                                | 5,393   | 23,857    | 11,900                             | 27,120    |
|   | -----   | -----     | -----                              | -----     |
| Comprehensive income  | \$ 26,050                                     | \$ 38,229 | \$ 67,683                          | \$ 59,415 |
|   | =====   | =====     | =====                              | =====     |
| Basic earnings per share  | \$ 0.68                                       | \$ 0.57   | \$ 2.04                            | \$ 1.27   |
|   | =====   | =====     | =====                              | =====     |
| Diluted earnings per share  | \$ 0.68                                       | \$ 0.56   | \$ 2.01                            | \$ 1.26   |
|   | =====   | =====     | =====                              | =====     |
| Weighted average number of diluted shares outstanding<br>(in thousands) | 30,525  | 25,618    | 27,649                             | 25,635    |
|   | =====   | =====     | =====                              | =====     |

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|  | Nine months ended<br>September 30, |             |
|--|------------------------------------|-------------|
|  | 1998                               | 1997        |
|  | (Dollars in thousands)             |             |
| <b>OPERATING ACTIVITIES:</b>   |                                    |             |
| Net income   | \$ 55,783                          | \$ 32,295   |
| Adjustments to reconcile net income to net cash provided by operating activities:        |                                    |             |
| Change in:   |                                    |             |
| Accrued investment income  | (33,617)                           | (28,391)    |
| Premiums receivable  | (75,846)                           | (66,382)    |
| Deferred policy acquisition costs  | (52,111)                           | (42,560)    |
| Funds withheld   | (69,046)                           | (6,102)     |
| Reinsurance ceded balances   | 28,977                             | 7,283       |
| Future policy benefits, other policy claims and benefits, and other reinsurance balances | 245,705                            | 236,065     |
| Deferred income taxes  | 24,041                             | 9,665       |
| Other assets and other liabilities   | (23,597)                           | 37,906      |
| Amortization of goodwill and value of business acquired                                  | 1,171                              | 973         |
| Amortization of net investment discounts   | (11,327)                           | (10,277)    |
| Realized investment gains, net   | (3,358)                            | (566)       |
| Other, net   | (11)                               | (558)       |
| Net cash provided by operating activities  | 86,764                             | 169,351     |
| <b>INVESTING ACTIVITIES:</b>   |                                    |             |
| Sales of investments:  |                                    |             |
| Fixed maturity securities  | 307,622                            | 245,341     |
| Mortgage loans   | -                                  | 28,178      |
| Maturities of fixed maturity securities  | 32,252                             | 177,989     |
| Purchases of fixed maturity securities   | (1,399,701)                        | (1,003,293) |
| Cash invested in:  |                                    |             |
| Mortgage loans   | (63,516)                           | (81,135)    |
| Policy loans   | (6,155)                            | (5,797)     |
| Funds withheld at interest   | (20,104)                           | (21,521)    |
| Principal payments on:   |                                    |             |
| Mortgage loans   | 7,914                              | 1,060       |
| Policy loans   | 14,752                             | 3,158       |
| Change in short-term and other invested assets   | 113,532                            | 7,571       |
| Net cash used in investing activities  | (1,013,404)                        | (648,449)   |
| <b>FINANCING ACTIVITIES:</b>   |                                    |             |
| Dividends to stockholders  | (5,141)                            | (4,242)     |
| Proceeds from stock offering   | 221,837                            | -           |
| Purchase of treasury stock   | -                                  | (8,740)     |
| Reissuance of treasury stock   | 627                                | 907         |
| Minority interest in earnings  | 464                                | 383         |
| Excess deposits on universal life and other investment type policies and contracts       | 694,839                            | 494,759     |
| Proceeds from long-term debt issuance  | -                                  | 1,906       |
| Net cash provided by financing activities  | 912,626                            | 484,973     |
| Effect of exchange rate changes  | 1,104                              | (591)       |
| Change in cash and cash equivalents  | (12,910)                           | 5,284       |
| Cash and cash equivalents, beginning of period   | 37,395                             | 13,145      |
| Cash and cash equivalents, end of period   | \$ 24,485                          | \$ 18,429   |

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1998  
 (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited, condensed, consolidated financial statements of Reinsurance Group of America, Incorporated and Subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 1997.

The Company has reclassified the presentation of certain prior period information to conform to the 1998 presentation.

2. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands except per share information):

|  | THREE MONTHS ENDING<br>SEPTEMBER 30, |          | NINE MONTHS ENDING<br>SEPTEMBER 30, |          |
|--|--------------------------------------|----------|-------------------------------------|----------|
|  | 1998                                 | 1997     | 1998                                | 1997     |
|  | ----                                 | ----     | ----                                | ----     |
| Numerator:   |                                      |          |                                     |          |
| Net income   | \$20,657                             | \$14,372 | \$55,783                            | \$32,295 |
| Numerator for basic earnings per share--<br>income available to common stockholders                                | 20,657                               | 14,372   | 55,783                              | 32,295   |
| Effect of dilutive securities  | -                                    | -        | -                                   | -        |
|  | -----                                | -----    | -----                               | -----    |
| Numerator for diluted earnings per share--<br>income available to common stockholders<br>after assumed conversions | \$20,657                             | \$14,372 | \$55,783                            | \$32,295 |
|  | =====                                | =====    | =====                               | =====    |

|   | THREE MONTHS ENDING<br>SEPTEMBER 30, |         | NINE MONTHS ENDING<br>SEPTEMBER 30, |         |
|---|--------------------------------------|---------|-------------------------------------|---------|
|   | 1998                                 | 1997    | 1998                                | 1997    |
|   | ----                                 | ----    | ----                                | ----    |
| Denominator:  |                                      |         |                                     |         |
| Denominator for basic earnings per share--<br>weighted average shares                                       | 30,186                               | 25,383  | 27,346                              | 25,437  |
| Effect of dilutive securities:  |                                      |         |                                     |         |
| Employee stock plan   | 339                                  | 234     | 303                                 | 198     |
|   | -----                                | -----   | -----                               | -----   |
| Denominator for diluted earnings per share--<br>adjusted weighted average shares and assumed<br>conversions | 30,525                               | 25,618  | 27,649                              | 25,635  |
|   | =====                                | =====   | =====                               | =====   |
| Basic earnings per share  | \$ 0.68                              | \$ 0.57 | \$ 2.04                             | \$ 1.27 |
|   | -----                                | -----   | -----                               | -----   |
| Diluted earnings per share  | \$ 0.68                              | \$ 0.56 | \$ 2.01                             | \$ 1.26 |
|   | -----                                | -----   | -----                               | -----   |

### 3. COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," effective for years beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. The most significant items of comprehensive income are net income, the change in unrealized gains and losses on securities, and the change in foreign currency translation. Both the change in unrealized gains and losses on securities and the change in foreign currency translation historically have been reported as a component of stockholders' equity. The adoption of SFAS No. 130 does not affect results of operations or financial position, but affects their presentation and disclosure. The Company has adopted SFAS No. 130 as of January 1, 1998, and the following summaries present the components of the Company's comprehensive income, other than net income, for the three and nine month periods ending September 30, 1998 and 1997 (dollars in thousands):

FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1998:

|  | BEFORE-TAX<br>AMOUNT | TAX (EXPENSE)<br>BENEFIT | NET-OF-TAX<br>AMOUNT |
|--|----------------------|--------------------------|----------------------|
| Foreign currency translation adjustments                           | \$(8,012)            | \$ 2,804                 | \$(5,208)            |
| Unrealized gains on securities:                                    |                      |                          |                      |
| Unrealized holding gains arising during period                     | 17,080               | (6,064)                  | 11,016               |
| Less: reclassification adjustment for gains realized in net income | 639                  | (224)                    | 415                  |
| Net unrealized gains   | 16,441               | (5,840)                  | 10,601               |
| Other comprehensive income   | \$ 8,429             | \$(3,036)                | \$ 5,393             |

FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1998:

|  | BEFORE-TAX<br>AMOUNT | TAX (EXPENSE)<br>BENEFIT | NET-OF-TAX<br>AMOUNT |
|--|----------------------|--------------------------|----------------------|
| Foreign currency translation adjustments                           | \$(10,540)           | \$ 3,689                 | \$(6,851)            |
| Unrealized gains on securities:                                    |                      |                          |                      |
| Unrealized holding gains arising during period                     | 33,620               | (12,730)                 | 20,890               |
| Less: reclassification adjustment for gains realized in net income | 3,358                | (1,219)                  | 2,139                |
| Net unrealized gains   | 30,262               | (11,511)                 | 18,751               |
| Other comprehensive income   | \$ 19,722            | \$( 7,822)               | \$11,900             |



## FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1997:

|   | BEFORE-TAX<br>AMOUNT | TAX (EXPENSE)<br>BENEFIT | NET-OF-TAX<br>AMOUNT |
|---|----------------------|--------------------------|----------------------|
| Foreign currency translation adjustments                              | \$(1,308)            | \$ 458                   | \$ (850)             |
| Unrealized gains on securities:                                       |                      |                          |                      |
| Unrealized holding gains arising during period                        | 40,253               | (15,775)                 | 24,478               |
| Less: reclassification adjustment for (losses) realized in net income | (353)                | 124                      | (229)                |
| Net unrealized gains  | 40,606               | (15,899)                 | 24,707               |
| Other comprehensive income  | \$39,298             | \$(15,441)               | \$23,857             |

## FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1997:

|  | BEFORE-TAX<br>AMOUNT | TAX (EXPENSE)<br>BENEFIT | NET-OF-TAX<br>AMOUNT |
|--|----------------------|--------------------------|----------------------|
| Foreign currency translation adjustments                           | \$(4,702)            | \$ 1,646                 | \$(3,056)            |
| Unrealized gains on securities:                                    |                      |                          |                      |
| Unrealized holding gains arising during period                     | 50,987               | (20,451)                 | 30,536               |
| Less: reclassification adjustment for gains realized in net income | 566                  | (206)                    | 360                  |
| Net unrealized gains   | 50,421               | (20,245)                 | 30,176               |
| Other comprehensive income   | \$45,719             | \$(18,599)               | \$27,120             |

The following schedule reflects the change in accumulated other comprehensive income for the period ending September 30, 1998 (dollars in thousands):

|                               | FOREIGN<br>CURRENCY ITEMS | UNREALIZED<br>GAINS ON<br>SECURITIES | ACCUMULATED<br>OTHER<br>COMPREHENSIVE<br>INCOME |
|-------------------------------|---------------------------|--------------------------------------|---|
| Balance at December 31, 1997  | \$ (8,201)                | \$67,290                             | \$59,089  |
| Current period change         | (6,851)                   | 18,751                               | 11,900  |
| Balance at September 30, 1998 | \$(15,052)                | \$86,041                             | \$70,989  |

#### 4. SEGMENT INFORMATION

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," effective for years beginning after December 15, 1997. SFAS No. 131 requires that a public company report financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The adoption of SFAS No. 131 will not affect the Company's results of operations or financial position, but will affect the disclosure of segment information. The Company plans to adopt SFAS No. 131 during 1998, however SFAS No. 131 need not be applied to interim financial information in the initial year of its application.

#### 5. STOCK OFFERING

In June 1998, Reinsurance Group of America, Incorporated (RGA) completed a public offering in which it sold 4,945,000 shares of non-voting common stock traded on the New York Stock Exchange under the symbol RGA.A. The offering was priced to the public at \$47.00 per share and provided net proceeds of approximately \$221.8 million.

## 6. DIVIDENDS AND OPTIONS

In July 1998, the Board of Directors of RGA approved an additional grant of 89,000 options to non-executive management. These options are for non-voting common shares and will have similar vesting schedules as the most recent grants under the RGA Flexible Stock Plan.

Also in July, the Board of Directors of RGA approved a stock repurchase program to accumulate non-voting shares in anticipation of exercise of these options. No shares have been repurchased at September 30, 1998 pursuant to this program.

## 7. NEW ACCOUNTING STANDARDS AND DISCLOSURE REQUIREMENTS

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years beginning after December 15, 1997. SFAS No. 132 does not change the measurement or recognition of pension and other postretirement benefit plans, but standardizes the disclosure requirements. The adoption of this standard has no impact on the financial results of the Company.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999 and is effective for interim periods in the initial year of adoption. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. It also requires that gains or losses resulting from changes in the values of those derivatives be reported depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the effect, if any, of the implementation of SFAS No. 133 on the results of operation, financial position, or liquidity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

The following tables reflect the net income before income taxes and minority interest for the Company's primary operational divisions (dollars in thousands):

\*\*\*\*\*  
\* \*  
\*U.S. OPERATIONS\*  
\*\*\*\*\*

FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1998

|   | TRADITIONAL | NON-TRADITIONAL<br>ASSET-<br>INTENSIVE | FINANCIAL<br>REINSURANCE | TOTAL<br>U.S. |
|---|-------------|--|--------------------------|---------------|
| REVENUES:   |             |  |                          |               |
| Net premiums  | \$160,424   | \$ 327                                 | \$ -                     | \$160,751     |
| Investment income, net of related expenses            | 28,755      | 32,691                                 | -                        | 61,446        |
| Realized investment gains, net                        | 453         | 144                                    | -                        | 597           |
| Other revenue   | 40          | -                                      | 5,883                    | 5,923         |
| Total revenues  | 189,672     | 33,162                                 | 5,883                    | 228,717       |
| BENEFITS AND EXPENSES:                                |             |  |                          |               |
| Claims and other policy benefits                      | 117,964     | 552                                    | -                        | 118,516       |
| Interest credited                                     | 10,467      | 28,101                                 | -                        | 38,568        |
| Policy acquisition costs and other insurance expenses | 26,207      | 1,894                                  | 3,906                    | 32,007        |
| Other operating expenses                              | 6,842       | -                                      | -                        | 6,842         |
| Total benefits and expenses                           | 161,480     | 30,547                                 | 3,906                    | 195,933       |
| Income before income taxes and minority interest      | \$ 28,192   | \$ 2,615                               | \$1,977                  | \$ 32,784     |

FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1997

|   | TRADITIONAL | NON-TRADITIONAL<br>ASSET-<br>INTENSIVE | FINANCIAL<br>REINSURANCE | TOTAL<br>U.S. |
|---|-------------|--|--------------------------|---------------|
| REVENUES:   |             |  |                          |               |
| Net premiums  | \$137,201   | \$ -                                   | \$ -                     | \$137,201     |
| Investment income, net of related expenses            | 22,578      | 15,408                                 | -                        | 37,986        |
| Realized investment gains (losses), net               | 1,480       | (1,847)                                | -                        | (367)         |
| Other revenue   | (399)       | -                                      | 5,262                    | 4,863         |
| Total revenues  | 160,860     | 13,561                                 | 5,262                    | 179,683       |
| BENEFITS AND EXPENSES:                                |             |  |                          |               |
| Claims and other policy benefits                      | 94,020      | 1,308                                  | -                        | 95,328        |
| Interest credited                                     | 8,935       | 12,388                                 | -                        | 21,323        |
| Policy acquisition costs and other insurance expenses | 28,074      | 657                                    | 3,746                    | 32,477        |
| Other operating expenses                              | 4,858       | -                                      | -                        | 4,858         |
| Total benefits and expenses                           | 135,887     | 14,353                                 | 3,746                    | 153,986       |
| Income before income taxes and minority interest      | \$ 24,973   | \$ (792)                               | \$1,516                  | \$25,697      |

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\* \* \* \* \*  
\*CANADIAN OPERATIONS\*  
\*\*\*\*\*

| FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30,       | 1998     | 1997     |
|---|----------|----------|
| REVENUES:   |          |          |
| Net premiums  | \$25,704 | \$17,640 |
| Investment income, net of related expenses            | 5,886    | 3,934    |
| Realized investment gains, net                        | -        | -        |
| Other revenue   | (31)     | 134      |
|   | -----    | -----    |
| Total revenues  | 31,559   | 21,708   |
| BENEFITS AND EXPENSES:                                |          |          |
| Claims and other policy benefits                      | 25,063   | 17,021   |
| Interest credited                                     | 216      | 323      |
| Policy acquisition costs and other insurance expenses | 3,714    | 1,899    |
| Other operating expenses                              | 1,424    | 1,542    |
|   | -----    | -----    |
| Total benefits and expenses                           | 30,417   | 20,785   |
| Income before income taxes and minority interest      | \$ 1,142 | \$ 923   |
|   | =====    | =====    |

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\* \* \* \* \*  
\*OTHER INTERNATIONAL\*  
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FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1998

|   | LATIN AMERICA |             | ASIA<br>PACIFIC | OTHER<br>MARKETS | TOTAL    |
|---|---------------|-------------|-----------------|------------------|----------|
|   | Direct        | Reinsurance |                 |                  |          |
|   | =====         |             |                 |                  |          |
| REVENUES:   |               |             |                 |                  |          |
| Net premiums  | \$ 9,498      | \$11,612    | \$14,224        | \$2,538          | \$37,872 |
| Investment income, net of related expenses                | 829           | 429         | 465             | 49               | 1,772    |
| Realized investment gains, net                            | -             | -           | -               | 42               | 42       |
| Other revenue   | 228           | -           | 349             | 104              | 681      |
|   | -----         |             |                 |                  |          |
| Total revenues  | 10,555        | 12,041      | 15,038          | 2,733            | 40,367   |
| BENEFITS AND EXPENSES:                                    |               |             |                 |                  |          |
| Claims and other policy benefits                          | 7,127         | 9,794       | 6,513           | 1,598            | 25,032   |
| Interest credited   | 37            | -           | -               | -                | 37       |
| Policy acquisition costs and other insurance expenses     | 1,035         | 554         | 6,685           | 814              | 9,088    |
| Other operating expenses                                  | 2,154         | 653         | 1,569           | 1,250            | 5,626    |
| Interest expense  | -             | -           | 115             | 70               | 185      |
|   | -----         |             |                 |                  |          |
| Total benefits and expenses                               | 10,353        | 11,001      | 14,882          | 3,732            | 39,968   |
| Income / (loss) before income taxes and minority interest | \$ 202        | \$ 1,040    | \$ 156          | \$ (999)         | \$ 399   |
|   | =====         |             |                 |                  |          |

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 \* \* \* \* \*  
 \*OTHER INTERNATIONAL (CONTINUED)\*  
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FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 1997

|  | LATIN AMERICA |                 | ASIA            | OTHER           | TOTAL            |
|--|---------------|-----------------|-----------------|-----------------|------------------|
|  | Direct        | Reinsurance     | PACIFIC         | MARKETS         |                  |
| <b>REVENUES:</b>   |               |                 |                 |                 |                  |
| Net premiums   | \$5,701       | \$4,640         | \$ 9,705        | \$ 986          | \$21,032         |
| Investment income, net of related expenses                       | 747           | 1,710           | 328             | 216             | 3,001            |
| Realized investment (losses), net                                | -             | -               | (1)             | -               | (1)              |
| Other revenue  | 14            | 30              | -               | 4               | 48               |
| <b>Total revenues</b>  | <b>6,462</b>  | <b>6,380</b>    | <b>10,032</b>   | <b>1,206</b>    | <b>24,080</b>    |
| <b>BENEFITS AND EXPENSES:</b>                                    |               |                 |                 |                 |                  |
| Claims and other policy benefits                                 | 5,039         | 3,587           | 6,017           | 315             | 14,958           |
| Interest credited  | 22            | -               | -               | -               | 22               |
| Policy acquisition costs and other insurance expenses            | 800           | 1,115           | 3,176           | 148             | 5,239            |
| Other operating expenses   | 146           | 2,584           | 1,690           | 1,289           | 5,709            |
| Interest expense   | -             | -               | 116             | -               | 116              |
| <b>Total benefits and expenses</b>                               | <b>6,007</b>  | <b>7,286</b>    | <b>10,999</b>   | <b>1,752</b>    | <b>26,044</b>    |
| <b>Income / (loss) before income taxes and minority interest</b> | <b>\$ 455</b> | <b>\$ (906)</b> | <b>\$ (967)</b> | <b>\$ (546)</b> | <b>\$(1,964)</b> |

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 \* \* \* \* \*  
 \*ACCIDENT AND HEALTH\*  
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FOR THE THREE MONTH PERIODS ENDING SEPTEMBER 30,

1998

1997

|  |                  |                  |
|--|------------------|------------------|
| <b>REVENUES:</b>   |                  |                  |
| Net premiums   | \$52,044         | \$22,037         |
| Investment income, net of related expenses                       | 576              | 346              |
| Realized investment (losses), net                                | -                | (22)             |
| Other revenue  | 365              | (107)            |
| <b>Total revenues</b>  | <b>52,985</b>    | <b>22,254</b>    |
| <b>BENEFITS AND EXPENSES:</b>                                    |                  |                  |
| Claims and other policy benefits                                 | 31,894           | 16,563           |
| Policy acquisition costs and other insurance expenses            | 21,684           | 6,685            |
| Other operating expenses   | 921              | 716              |
| <b>Total benefits and expenses</b>                               | <b>54,499</b>    | <b>23,964</b>    |
| <b>(Loss) / income before income taxes and minority interest</b> | <b>\$(1,514)</b> | <b>\$(1,710)</b> |

THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

## RESULTS OF OPERATIONS

Consolidated income before income taxes and minority interest increased \$10.3 million in the third quarter of 1998, compared to the same period in 1997. Diluted earnings per share were \$0.68 for the third quarter of 1998 compared with \$0.56 for the same period in 1997. Consolidated net income before realized capital gains and losses increased to \$20.2 million in the third quarter of 1998 from \$14.6 million in the same period in 1997.

The increase in the U.S. operations income before income taxes and minority interest in the third quarter of 1998 compared to the same period in 1997 was due to increased earnings on asset-intensive business and continued growth in the traditional business, where premiums increased 16.9%. The increase in the Canadian operations income before income taxes and minority interest in the third quarter of 1998 compared to the same period in 1997 was a result of growth in premiums of 45.7%, which more than offset unfavorable mortality experience in the quarter. The other international operations reported income of \$0.4 million before income taxes and minority interest in the third quarter of 1998 compared to a \$2.0 million loss in the same period in 1997. The Latin America and Asia Pacific business showed continued revenue growth. In addition during 1998, mortality experience improved for the Latin American direct business compared to the same period in prior year. The accident and health operations reported a loss of \$1.5 million before income taxes and minority interest in the third quarter of 1998 compared to a loss of \$1.7 million for the same period in 1997.

Net Premiums. Consolidated net premiums increased \$78.5 million, or 39.6%, to \$276.4 million in the third quarter of 1998, compared to \$197.9 million for the same period in 1997. Growth from new in force blocks of business, renewal premiums from the existing block of business, and new business premiums from facultative and automatic treaties, contributed to the premium increase. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore fluctuate from period to period.

The U.S. operations net premiums in the third quarter of 1998 increased 17.2% to \$160.8 million from the same period in prior year. This was attributed to continued premium growth resulting from strong production from new in force blocks of business as well as renewal premiums from the existing blocks of business.

Net premiums in the Canadian operations in the third quarter of 1998 increased 45.7% to \$25.7 million in 1998. New business premiums increased \$2.0 million, while renewal premiums increased \$6.1 million compared to the third quarter of 1997. The increase in renewal premiums was the result of several treaties produced in December 1997 related to in force blocks of business with large renewal premiums.

The Company's other international operations reported premiums of \$37.9 million for the third quarter of 1998 compared to \$21.0 million for the same period in 1997. The 1998 premiums represented approximately \$21.1 million from Latin America, of which approximately \$9.5 million was direct premium generated in Argentina and Chile. Latin America premiums doubled compared to the same period in 1997. The increase resulted primarily from growth in reinsurance of privatized pensions in Argentina, as well as reinsurance from other Latin American markets although direct premiums from Chilean single premium immediate annuities decreased from prior year due to less favorable market conditions in Chile during 1998. The Asia Pacific operations and other markets generated \$14.2 million of premiums, an increase of 46.6% compared to the third quarter in the prior year, predominantly through the Hong Kong contact office and the subsidiary in Australia.

Accident and health operations net premiums increased \$30.0 million to \$52.0 million in the third quarter of 1998. The increase primarily resulted from premiums on contracts signed or renewed in 1997. The Company estimates that 1998 accident and health premiums will increase for the current year, with significantly lower levels in 1999 and beyond.

Net Investment Income. Consolidated net investment income increased 54.1%, to \$71.7 million, in the third quarter of 1998 from the same period in 1997. The cost basis of fixed maturity securities increased \$1.3 billion from the third quarter of 1997. The increase in invested assets was a result of an increase in operating cash flows on traditional reinsurance; reinsurance transactions involving deposits for asset-intensive products from ceding companies, primarily stable value product deposits; and the proceeds from the Company's non-voting common stock offering during the second quarter of 1998. The Company's stable value reinsurance is assumed from General American Life Insurance Company ("General American"), which indirectly owns approximately 64% of the Company's voting common stock. The amount of future reinsurance of the stable value product is dependent on General American's claims-paying rating. Earnings credited and paid to ceding companies are included in interest credited.

Realized Investment Gains, Net. Consolidated net realized investment gains increased \$1.0 million to \$0.6 million in the third quarter of 1998 from the same period in the prior year. Net realized investment gains resulted from normal restructuring activity within the Company's investment portfolios.

Other Revenue. Consolidated other revenue increased \$2.0 million in the third quarter of 1998 to \$6.9 million. Other revenue includes items such as profit and risk fees associated with financial reinsurance, treaty recapture fees, earnings in unconsolidated subsidiaries, management fee income, and other miscellaneous income. During the third quarter of 1998, financial reinsurance treaties in the U.S. operations resulted in \$4.2 million in financial reinsurance fees which were partially offset by \$3.9 million of fees paid to retrocessionaires, which is included in policy acquisition costs and other insurance expenses. The Company's strategy involves the assumption and subsequent retrocession of most of these financial reinsurance treaties, and resulted in amounts of \$116.7 million and \$128.4 million being included in other reinsurance assets and liabilities, respectively, on the Company's consolidated balance sheets at September 30, 1998.



Balances resulting from the assumption and/or subsequent transfer of benefits and obligations resulting from cash flows related to variable annuities have been classified as other reinsurance balance assets and/or liabilities. Other revenue also included \$1.7 million and \$1.1 million in earnings in unconsolidated subsidiaries for the third quarter of 1998 and 1997, respectively.

Claims and Other Policy Benefits. Consolidated claims and other policy benefits increased 39.4% to \$200.5 million, in the third quarter of 1998. For the third quarter of 1998, total claims and other policy benefits represented 72.5% of total net premiums compared to 72.7% for the same period in 1997. The Company expects mortality to fluctuate somewhat from period to period but believes it is fairly constant over longer periods of time. The Company continues to monitor mortality trends to determine the appropriateness of reserve levels.

U.S. operations claims and other policy benefits increased 24.3% in the third quarter of 1998, primarily as a result of growth of the business in force. Claims and other policy benefits for traditional reinsurance, as a percentage of net premiums, increased to 73.5% in the third quarter of 1998 from 68.5% in the same period in 1997. As a percentage of net premiums, the current quarter was comparable to the 73.2% of net premiums for the entire year ended December 31, 1997. The quarter to quarter fluctuation was primarily due to reserves established for new and renewal blocks of business. Additionally, this percentage is affected by the timing of premium receipts and claims reported from client companies.

Canadian operations claims and other policy benefits increased 47.2% in the third quarter of 1998. Claims and other policy benefits as a percentage of net premiums increased to 97.5% in the third quarter of 1998 from 96.5% in the same period in 1997, resulting primarily from mortality experience fluctuations.

The claims and other policy benefits of the other international business increased 67.3% in the third quarter of 1998 from the same period in the prior year. Claims and other policy benefits as a percentage of net premiums decreased to 66.1% from 71.1%. This fluctuation was primarily the result of decreases in reserves and policyholder benefits on business from Latin American direct companies and Asia Pacific business. This percentage will fluctuate as new business is added and the operation develops.

Accident and health operations claims and other policy benefits increased \$15.3 million in the third quarter of 1998 compared to the same period in 1997. The accident and health operations claims and reserves are subject to volatility due to the nature of risk covered, which is primarily accident risk. Reserves are calculated based upon information available, including industry estimates for certain aviation accidents. In 1997, the Company made the decision to exit all outside-managed accident and health pools, to cease marketing accident and health business, and to place the operation into run-off.

Interest credited. Consolidated interest credited increased \$17.2 million in the third quarter of 1998 to \$38.8 million. Interest credited represents amounts credited on the Company's asset-intensive and universal life type products. Asset-intensive products include stable value operations, bank-owned life insurance and annuity products. These products are primarily written in the U.S. operations, while the Canadian operations have a small annuity block of business and the Latin American operations have a direct universal life product in Argentina. The increase in interest credited was primarily a result of an increase of \$602.8 million in deposits related to asset-intensive reinsurance since the third quarter of 1997.

Policy Acquisition Costs and Other Insurance Expenses. Consolidated policy acquisition costs and other insurance expenses, consisting primarily of allowances, increased 43.2%, to \$66.5 million in the third quarter of 1998. As a percentage of net premiums, consolidated policy acquisition costs and other insurance expenses increased to 24.1% in the third quarter of 1998 from 23.5% during the same period in 1997. Generally, policy acquisition costs and other insurance expenses fluctuate with business volume and changes in product mix from period to period.

Within the U.S. operations, policy acquisition costs and other insurance expenses as a percentage of net premiums for traditional business decreased to 16.3% in the third quarter of 1998 from 20.5% during the same period in 1997. This was due primarily to new business added during 1998 which was primarily yearly renewable term reinsurance that did not have a high level of commissions associated with the premiums. The financial reinsurance business within the U.S. operations reflects fees of approximately \$3.9 million paid to retrocessionaires during 1998, representing a partial offset to the fees collected and reflected as other revenues.

In the Canadian operations, policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 14.4% in the third quarter of 1998, from 10.8% during the same period in 1997. The increase was primarily due to processing new business during the current quarter that resulted in higher commissions as a percent of net premiums, as this business has high first year commissions. During the same period in 1997, the policy acquisition costs and other insurance expenses as a percentage of net premiums was lower as a larger amount of yearly renewable term products were reinsured that do not have significant commission costs associated with the business.

Other international operations policy acquisition cost and other insurance expenses as a percentage of net premiums remained fairly level at 24.0% in the third quarter of 1998 compared to 24.9% during the same period in 1997. These percentages fluctuate due to the timing of client company reporting and variations in the mixture of business being written within the Latin American and Asia Pacific operations.

Accident and health operations policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 41.7% in the third quarter of 1998 from 30.3% during the same period in 1997 resulting from changes in the mixture of business within the accident and health operations.

Other Operating Expenses. Consolidated other operating expenses increased \$2.2 million in the third quarter of 1998 from the same period in 1997. The overall increase in operating expenses was attributed to planned increases associated with the ongoing growth of the Company.

Interest Expense. Consolidated interest expense during the third quarter of 1998 related to the 7 1/4% Senior Notes issued in 1996, the financing of a portion of the Company's Australian reinsurance operations, RGA Australian Holdings Pty Limited ("Australian Holdings") and interest paid on an operating line of credit. Interest cost for the third quarter of 1998 and the third quarter of 1997 was \$2.2 million and \$1.9 million, respectively. Interest expense related to the 7 1/4% Senior Notes was \$1.8 million in the third quarter of 1998 and 1997, respectively.

Provision for Income Taxes. Consolidated income tax expense increased approximately \$4.0 million in the third quarter of 1998 as a result of higher pre-tax income. Income tax expense from operations before net realized investment gains represented approximately 36.3% and 35.2% of pre-tax income for the third quarters of 1998 and 1997, respectively.

The following tables reflect the net income before income taxes and minority interest for the Company's primary operational divisions (dollars in thousands):

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\* \*  
\*U.S. OPERATIONS\*  
\*\*\*\*\*

FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1998

|   | TRADITIONAL | NON-TRADITIONAL<br>ASSET-<br>INTENSIVE | FINANCIAL<br>REINSURANCE | TOTAL<br>U.S. |
|---|-------------|--|--------------------------|---------------|
| REVENUES:   |             |  |                          |               |
| Net premiums  | \$514,961   | \$ 1,014                               | \$ -                     | \$515,975     |
| Investment income, net of related expenses            | 89,960      | 89,337                                 | -                        | 179,297       |
| Realized investment gains, net                        | 1,717       | 981                                    | -                        | 2,698         |
| Other revenue   | (293)       | -                                      | 13,661                   | 13,368        |
| Total revenues  | 606,345     | 91,332                                 | 13,661                   | 711,338       |
| BENEFITS AND EXPENSES:                                |             |  |                          |               |
| Claims and other policy benefits                      | 391,051     | 2,852                                  | -                        | 393,903       |
| Interest credited                                     | 33,064      | 77,321                                 | -                        | 110,385       |
| Policy acquisition costs and other insurance expenses | 86,721      | 4,504                                  | 9,852                    | 101,077       |
| Other operating expenses                              | 19,133      | -                                      | -                        | 19,133        |
| Total benefits and expenses                           | 529,969     | 84,677                                 | 9,852                    | 624,498       |
| Income before income taxes and minority interest      | \$ 76,376   | \$ 6,655                               | \$ 3,809                 | \$ 86,840     |

FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1997

|   | TRADITIONAL | NON-TRADITIONAL<br>ASSET-<br>INTENSIVE | FINANCIAL<br>REINSURANCE | TOTAL<br>U.S. |
|---|-------------|--|--------------------------|---------------|
| REVENUES:   |             |  |                          |               |
| Net premiums  | \$418,250   | \$ -                                   | \$ -                     | \$418,250     |
| Investment income, net of related expenses            | 72,911      | 35,789                                 | -                        | 108,700       |
| Realized investment gains (losses), net               | 1,826       | (1,391)                                | -                        | 435           |
| Other revenue   | (23)        | -                                      | 13,318                   | 13,295        |
| Total revenues  | 492,964     | 34,398                                 | 13,318                   | 540,680       |
| BENEFITS AND EXPENSES:                                |             |  |                          |               |
| Claims and other policy benefits                      | 298,296     | 2,284                                  | -                        | 300,580       |
| Interest credited                                     | 31,569      | 30,577                                 | -                        | 62,146        |
| Policy acquisition costs and other insurance expenses | 80,621      | 1,230                                  | 10,751                   | 92,602        |
| Other operating expenses                              | 14,889      | -                                      | -                        | 14,889        |
| Total benefits and expenses                           | 425,375     | 34,091                                 | 10,751                   | 470,217       |
| Income before income taxes and minority interest      | \$ 67,589   | \$ 307                                 | \$ 2,567                 | \$ 70,463     |

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\* \*  
\*CANADIAN OPERATIONS\*  
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| FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30,        | 1998     | 1997     |
|---|----------|----------|
| REVENUES:   |          |          |
| Net premiums  | \$75,058 | \$53,970 |
| Investment income, net of related expenses            | 16,430   | 11,541   |
| Realized investment gains, net                        | 617      | 110      |
| Other revenue   | 339      | 203      |
| Total revenues  | 92,444   | 65,824   |
| BENEFITS AND EXPENSES:                                |          |          |
| Claims and other policy benefits                      | 69,394   | 45,371   |
| Interest credited                                     | 677      | 995      |
| Policy acquisition costs and other insurance expenses | 9,208    | 8,428    |
| Other operating expenses                              | 4,824    | 4,439    |
| Total benefits and expenses                           | 84,103   | 59,233   |
| Income before income taxes and minority interest      | \$ 8,341 | \$ 6,591 |

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\* \*  
\*OTHER INTERNATIONAL\*  
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FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1998

|   | LATIN AMERICA |             | ASIA<br>PACIFIC | OTHER<br>MARKETS | TOTAL     |
|---|---------------|-------------|-----------------|------------------|-----------|
|   | Direct        | Reinsurance |                 |                  |           |
| REVENUES:   |               |             |                 |                  |           |
| Net premiums  | \$35,072      | \$37,035    | \$37,630        | \$ 4,582         | \$114,319 |
| Investment income, net of related expenses                | 4,675         | 1,379       | 1,518           | 110              | 7,682     |
| Realized investment gains, net                            | -             | -           | 1               | 42               | 43        |
| Other revenue   | 180           | -           | 2,476           | 308              | 2,964     |
| Total revenues  | 39,927        | 38,414      | 41,625          | 5,042            | 125,008   |
| BENEFITS AND EXPENSES:                                    |               |             |                 |                  |           |
| Claims and other policy benefits                          | 30,818        | 33,544      | 21,669          | 3,087            | 89,118    |
| Interest credited   | 116           | -           | -               | -                | 116       |
| Policy acquisition costs and other insurance expenses     | 2,855         | 1,679       | 14,312          | 1,420            | 20,266    |
| Other operating expenses                                  | 5,531         | 2,085       | 4,588           | 3,473            | 15,677    |
| Interest expense  | -             | -           | 336             | 153              | 489       |
| Total benefits and expenses                               | 39,320        | 37,308      | 40,905          | 8,133            | 125,666   |
| Income / (loss) before income taxes and minority interest | \$ 607        | \$ 1,106    | \$ 720          | \$(3,091)        | \$ (658)  |

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 \*OTHER INTERNATIONAL (CONTINUED)\*  
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FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 1997

|  | LATIN AMERICA |               | ASIA<br>PACIFIC  | OTHER<br>MARKETS | TOTAL            |
|--|---------------|---------------|------------------|------------------|------------------|
|  | Direct        | Reinsurance   |                  |                  |                  |
| <b>REVENUES:</b>   |               |               |                  |                  |                  |
| Net premiums   | \$34,166      | \$14,032      | \$24,595         | \$ 1,222         | \$74,015         |
| Investment income, net of related expenses                       | 4,793         | 2,534         | 1,255            | 277              | 8,859            |
| Realized investment gains, net                                   | -             | -             | 14               | -                | 14               |
| Other revenue  | 91            | 30            | -                | 13               | 134              |
| <b>Total revenues</b>  | <b>39,050</b> | <b>16,596</b> | <b>25,864</b>    | <b>1,512</b>     | <b>83,022</b>    |
| <b>BENEFITS AND EXPENSES:</b>                                    |               |               |                  |                  |                  |
| Claims and other policy benefits                                 | 31,555        | 11,956        | 15,304           | 656              | 59,471           |
| Interest credited  | 53            | -             | -                | -                | 53               |
| Policy acquisition costs and other insurance expenses            | 3,703         | 1,342         | 9,147            | 203              | 14,395           |
| Other operating expenses   | 3,678         | 3,103         | 4,639            | 2,230            | 13,650           |
| Interest expense   | -             | -             | 354              | -                | 354              |
| <b>Total benefits and expenses</b>                               | <b>38,989</b> | <b>16,401</b> | <b>29,444</b>    | <b>3,089</b>     | <b>87,923</b>    |
| <b>Income / (loss) before income taxes and minority interest</b> | <b>\$ 61</b>  | <b>\$ 195</b> | <b>\$(3,580)</b> | <b>\$(1,577)</b> | <b>\$(4,901)</b> |

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 \* \* \* \* \*  
 \*ACCIDENT AND HEALTH\*  
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FOR THE NINE MONTH PERIODS ENDING SEPTEMBER 30,

|   | 1998              | 1997              |
|---|-------------------|-------------------|
| <b>REVENUES:</b>  |                   |                   |
| Net premiums  | \$117,532         | \$ 58,615         |
| Investment income, net of related expenses              | 1,426             | 944               |
| Realized investment gains (losses), net                 | -                 | (19)              |
| Other revenue   | 922               | 297               |
| <b>Total revenues</b>                                   | <b>119,880</b>    | <b>59,837</b>     |
| <b>BENEFITS AND EXPENSES:</b>                           |                   |                   |
| Claims and other policy benefits                        | 78,160            | 41,787            |
| Accident and health pool charge                         | -                 | 18,000            |
| Policy acquisition costs and other insurance expenses   | 40,304            | 19,283            |
| Other operating expenses                                | 3,392             | 1,816             |
| <b>Total benefits and expenses</b>                      | <b>121,856</b>    | <b>80,886</b>     |
| <b>(Loss) before income taxes and minority interest</b> | <b>\$ (1,976)</b> | <b>\$(21,049)</b> |

NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

## RESULTS OF OPERATIONS

Consolidated income before income taxes and minority interest increased \$38.6 million in the first nine months of 1998, compared to the same period in 1997. Diluted earnings per share were \$2.01 for the first nine months of 1998 compared with \$1.26 for the same period in 1997. Consolidated net income before realized capital gains and losses increased to \$53.6 million in the first nine months of 1998 from \$31.9 million in the same period in 1997.

The increase in the U.S. operations income before income taxes and minority interest in the first nine months of 1998 compared to the same period in 1997 was due to increased earnings from asset-intensive business and financial reinsurance business, combined with continued growth in the traditional reinsurance business, where premiums increased 23.1%. The increase in the Canadian operations income before income taxes and minority interest in the first nine months of 1998 compared to the same period in 1997 was a result of growth in premiums of 39.1%, primarily for renewal business, and mortality experience in line with expectations. The other international operations reported a loss of \$0.7 million before income taxes and minority interest in the first nine months of 1998 compared to a \$4.9 million loss in 1997. Total revenues in the other international operations increased by 50.6% for the first nine months of 1998 compared to the same period in 1997. In addition, the direct business in Latin America reported more favorable mortality experience during 1998 compared to the same period in 1997. This growth was offset by costs associated with the development of new business in international markets. The accident and health operations reported a net loss of \$2.0 million for the first nine months of 1998 compared to a loss of \$21.0 million for the same period in 1997. During the first quarter of 1997, the Company recorded an accident and health charge of \$18.0 million, \$10.4 million after-tax, to increase reserves associated with run-off claims from certain accident and health insurance pools in which it had formerly participated. That action was a result of management's strategic decision to exit all outside-managed accident and health pools. As of December 31, 1997, the Company made a strategic decision to cease marketing all accident and health business.

Net Premiums. Consolidated net premiums increased \$218.0 million, or 36.0%, to \$822.9 million in the first nine months of 1998, compared to \$604.9 million for the same period in 1997. Growth in new in force blocks of business, renewal premiums from the existing block of business, and new business premiums from facultative and automatic treaties contributed to the premium increase. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore fluctuate from period to period.

The U.S. operations net premiums in the first nine months of 1998 increased 23.4% to \$516.0 million from the same period in prior year. This was attributed to continued premium growth from new in force blocks of business as well as renewal premiums from existing blocks of business.

Net premiums in the Canadian operations in the first nine months of 1998 increased 39.1% to \$75.1 million in 1998. New business premiums increased \$0.8 million, while renewal premiums increased \$20.3 million compared to the first nine months of 1997. Several of the treaties produced in December 1997 related to in force blocks of business with large renewal premiums.

The Company's other international operations reported an increase in premiums of 54.5%, to \$114.3 million, for the first nine months of 1998 from the same period in 1997. The 1998 premiums represented approximately \$72.1 million from Latin America, of which approximately \$35.1 million was direct premium generated in Argentina and Chile. Latin America premiums grew 49.6%, which resulted primarily from growth in reinsurance of privatized pensions in Argentina as well as reinsurance from other Latin American markets. The Asia Pacific operations and other markets generated \$42.2 million of premiums, an increase of 63.5% compared to the first nine months of 1997, predominantly from the Hong Kong contact office and subsidiary in Australia.

Accident and health operations net premiums increased to \$117.5 million in the first nine months of 1998. The increase resulted primarily from premiums on contracts signed or renewed in 1997. The Company estimates that 1998 accident and health premiums will increase for the current year, with significantly lower levels in 1999 and beyond.

Net Investment Income. Consolidated net investment income increased 54.5% to \$207.6 million, in the first nine months of 1998 from the same period in 1997. The cost basis of fixed maturity securities increased \$1.3 billion from September 30, 1997. The increase in invested assets was a result of an increase in operating cash flows on traditional reinsurance; reinsurance transactions involving deposits for asset-intensive products from ceding companies, primarily stable value product deposits; and the proceeds from the Company's issuance of non-voting common shares during the second quarter of 1998. The average earned yield on the consolidated investment portfolio decreased to 6.97% for the nine months ending September 30, 1998 compared to 7.25% for the same period in 1997. This decrease in overall yield reflected the increase in assets supporting the stable value reinsurance product that are generally of a shorter duration and carry a lower average yield. This decrease in yield was also affected by the overall decrease in interest rates. Earnings credited and paid to ceding companies are included in interest credited.

Realized Investment Gains, Net. Consolidated net realized investment gains increased \$2.8 million to \$3.4 million in the first nine months of 1998 from \$0.6 million for the same period in the prior year. Net realized investment gains resulted from normal restructuring activity within the Company's investment portfolios.

Other Revenue. Consolidated other revenue increased \$3.7 million in the first nine months of 1998 to \$17.6 million. Other revenue includes items such as profit and risk fees associated with financial reinsurance, treaty recapture fees, earnings in unconsolidated subsidiaries, management fee income, and other miscellaneous income. During 1998, financial reinsurance treaties in the U.S. operations resulted in \$10.7 million in financial reinsurance fees



which were partially offset by \$9.8 million of fees paid to retrocessionaires, included in policy acquisition costs and other insurance expenses. The Asia Pacific operations completed a financial reinsurance transaction that resulted in \$2.2 million in financial reinsurance fee revenue through the first nine months of 1998 that was partially offset by \$1.2 million of fees paid to retrocessionaires. Other revenue also included \$2.9 million and \$1.3 million in earnings in unconsolidated subsidiaries for the first nine months of 1998 and 1997, respectively.

**Claims and Other Policy Benefits.** Consolidated claims and other policy benefits increased 41.0% to \$630.6 million, in the first nine months of 1998. For the first nine months of 1998, total claims and other policy benefits represented 76.6% of total net premiums compared to 73.9% for the same period in 1997. The Company expects mortality to fluctuate somewhat from period to period but believes it is fairly constant over longer periods of time. The Company continues to monitor mortality trends to determine the appropriateness of reserve levels.

U.S. operations claims and other policy benefits increased 31.0% in the first nine months of 1998, primarily as a result of the overall growth in the business in force. Claims and other policy benefits as a percentage of net premiums for traditional reinsurance increased to 75.9% in the first nine months of 1998 from 71.3% in the same period in 1997. This fluctuation was primarily due to reserves established for new and renewal blocks of business. Additionally, this percentage is affected by the timing of premium receipts and claims reported from client companies.

Canadian operations claims and other policy benefits increased 52.9% in the first nine months of 1998. Claims and other policy benefits as a percentage of net premiums were 92.5% in the first nine months of 1998 compared to 84.1% for the same period in 1997. The increase as a percent of premiums was primarily due to reserves established for new and renewal business during 1998.

The claims and other policy benefits of the other international business in the first nine months of 1998 increased 49.9% from the same period in the prior year. Claims and other policy benefits as a percentage of net premiums was 78.0% for the first nine months of 1998 compared to 80.3% for the same period in 1997. The decrease was primarily due to improved mortality experience for some of the direct business in Latin America.

Accident and health operations claims and other policy benefits increased 87.0% in the first nine months of 1998 from the same period in the prior year. The claims and other policy benefits for the first nine months of 1997 do not include the \$18.0 million, or \$10.4 million after-tax, accident and health pool charge taken during the first quarter of 1997, which is separately disclosed on the income statement. The accident and health operations reserves are subject to volatility due to the nature of risk covered which is primarily accident risk. Reserves are calculated based upon current information including industry estimates for certain aviation accidents.

Interest credited. Consolidated interest credited increased \$48.0 million in the first nine months of 1998 to \$111.2 million. Interest credited represents amounts credited on the Company's asset-intensive and universal life type products, including stable value operations, bank-owned life insurance and annuity products. The increase in interest credited was primarily a result of an increase of \$602.8 million in deposits related to asset-intensive reinsurance since September 30, 1997.

Policy Acquisition Costs and Other Insurance Expenses. Consolidated policy acquisition costs and other insurance expenses, consisting primarily of allowances, increased 26.8%, to \$170.9 million in the first nine months of 1998. As a percentage of net premiums, consolidated policy acquisition costs and other insurance expenses decreased to 20.8% in the first nine months of 1998 from 22.3% during the same period in 1997. This was primarily due to new business added during 1998 that was yearly renewable term reinsurance and the addition of larger blocks of business that do not have significant allowances associated with the business. Generally, policy acquisition costs and other insurance expenses fluctuate with business volume and changes in product mix from period to period.

Within the U.S. operations, policy acquisition costs and other insurance expenses as a percentage of net premiums for traditional business decreased to 16.8% in the first nine months of 1998 from 19.3% during the same period in 1997. This was due primarily to new business added during 1998 which was primarily yearly renewable term reinsurance that did not have a high level of commissions associated with the premiums. The financial reinsurance business within the U.S. operations reflects fees of approximately \$9.9 million paid to retrocessionaires during 1998, which represented a partial offset to the fees collected that were reflected as other revenues.

In the Canadian operations, policy acquisition costs and other insurance expenses as a percentage of net premiums decreased to 12.3% in the first nine months of 1998, from 15.6% during the same period in 1997. Although this ratio increased for the quarter, the decrease for the year to date was primarily due to the decrease in commission costs associated with large blocks of business added at the end of 1997 as well as the shift in reinsurance method to yearly renewable term business.

Other international operations policy acquisition cost and other insurance expenses as a percentage of net premiums decreased to 17.7% in the first nine months of 1998 from 19.4% during the same period in 1997. These percentages fluctuate due to the timing of client company reporting and variations in the mixture of business being written within the Latin American and Asia Pacific operations. In addition, the financial reinsurance business within the Asia Pacific operations reflects fees of approximately \$1.2 million paid to retrocessionaires during the first nine months of 1998, which represented a partial offset to the fees collected that were reflected as other revenues.

Accident and health segment policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 34.3% in the first nine months of 1998 from 32.9%

during the same period in 1997, resulting from changes in the mixture of business within the accident and health operations.

**Other Operating Expenses.** Consolidated other operating expenses increased \$9.0 million for the first nine months of 1998 compared to the same period in 1997. The operating expenses represented 5.4% and 5.9% of net premiums for the first nine months of 1998 and 1997, respectively. The overall increase in operating expenses was attributed to planned increases associated with the ongoing growth of the Company.

**Interest Expense.** Consolidated interest expense for the first nine months of 1998 and 1997 was \$6.4 million and \$5.9 million, respectively. Interest related to the 7 1/4% Senior Notes was \$5.5 million in the first nine months of 1998 and 1997, respectively.

**Provision for Income Taxes.** Consolidated income tax expense increased \$15.0 million in the first nine months of 1998 as a result of higher pre-tax income. Income tax expense from operations before net realized investment gains and accident and health pool charge represented approximately 36.1% for the first nine months of 1998 and 1997. The Company calculated a tax benefit of \$7.6 million on the \$18.0 million accident and health reserve adjustment recorded in the first quarter of 1997.

#### LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of 1998, the Company generated cash of \$86.8 million from operating activities, \$221.8 million from the non-voting common stock offering in June 1998, and \$694.8 million from deposits related to asset-intensive business. These increases were offset by cash used for investing of \$1.0 billion and dividends to stockholders of \$5.1 million. The sources of funds of the operating subsidiaries of RGA consist of premiums received from ceding insurers, investment income, and proceeds from sales and redemption of investments. Premiums are generally received in advance of related claim payments. Funds are primarily applied to policy claims and benefits, operating expenses, income taxes, and investment purchases.

As the Company continues its expansion efforts, management continually analyzes capital adequacy issues. At RGA's annual stockholders' meeting on May 27, 1998, a new class of non-voting common stock was authorized. In June, the Company completed a public offering in which it raised approximately \$221.8 million. The Company is using the net proceeds for general business growth and development.

In addition, the Company has access to a \$25.0 million line of credit. During the first nine months of 1998, \$15.0 million was drawn upon that line. This liability is included in other liabilities on the balance sheet at September 30, 1998. The ability of RGA and Australian Holdings to make principal and interest payments, and to continue to pay dividends to stockholders, is ultimately dependent on the earnings and surplus of RGA's subsidiaries, the investment earnings on the undeployed funds at RGA, and the Company's ability to raise additional capital. The transfer of funds from the subsidiaries to RGA is subject to applicable insurance laws and regulations. Any

future increases in liquidity needs due to relatively large policy loans or unanticipated material claim levels would be met first by operating cash flows and then by selling fixed-income securities or short-term investments.

#### INVESTMENTS

Invested assets increased 26.4%, to \$4.6 billion at September 30, 1998, compared to \$3.6 billion at December 31, 1997. The increase resulted from cash deposits for asset-intensive products of \$486.7 million for the first nine months of 1998, proceeds from the issuance of non-voting common shares of \$221.8 million, and positive operating cash flows. These increases were enhanced by an increase in the fair value adjustment of fixed maturities available for sale of \$29.1 million. The Company has historically generated positive cash flows from operations, and expects this to continue in the future.

At September 30, 1998, the Company's portfolio of fixed maturity securities available for sale had net unrealized gains before tax of \$141.1 million.

#### YEAR 2000

Many of the world's computer systems currently record years in a two-digit format. If not addressed, such computer systems will be unable to properly interpret dates beyond the year 1999, which could lead to business disruptions in the U.S. and internationally (the "Year 2000" issue). The potential costs and uncertainties associated with the Year 2000 issue will depend on a number of factors, including software, hardware and the nature of the industry in which a company operates. Additionally, companies must coordinate with other entities with which they electronically interact.

The Company has established a plan to address the Year 2000 issue and the work being performed in accordance with that plan is progressing on schedule. The Company has identified all systems that are critical to the Company's operations and has commenced testing those systems. Inventories of substantially all software, hardware, and trading partners were compiled in a Year 2000 database. Each of these items has been researched for Year 2000 compliance, and the majority have been verified as ready. An outline of a contingency plan has been developed and meetings are being held with the Company's clients to finalize recovery procedures. The Company also relies on information from external parties such as ceding companies and vendors, and is working with those parties to obtain compliance letters and cooperation with the Company's testing efforts. The Company could be adversely affected if external parties fail to comply with the Year 2000 issue. This is a situation over which the Company has no direct control.

The Company does not have a mainframe computer and its "legacy" systems are Oracle-based. A legacy system typically represents older systems that are not currently being maintained or enhanced. As the Company continues to grow, the steady investment in technology has allowed it to keep systems current and handle impending problems, such as Year 2000, in the normal

course of business. Therefore, the remediation that was required to become Year 2000 compliant was completed relatively quickly.

The Company anticipates that testing of substantially all critical systems will be completed by December 31, 1998. However, the Company is still accumulating information relating to some of its foreign subsidiaries and ventures. Two types of testing have been completed on RGA's core systems: program tests and global tests. Separate test environments were established and representative subsets of production data were loaded onto systems on test machines. The objective was to assure that day-to-day processing would operate correctly before, during, and beyond the Year 2000. Transactions were processed to simulate all business functions over important time thresholds between July 1998 and January 2001. These tests revealed minor issues that were addressed. As of October 30, 1998, 100% of the core systems have been tested successfully and 70% of the compliance letters requested from external parties have been received. It is anticipated that the testing and assessment of the Company's Year 2000 readiness will be completed by March 31, 1999, in accordance with the Company's plan.

The Company expects to incur most of the costs of the Year 2000 effort primarily from testing of the administrative systems in St. Louis and Canada. These systems support the administration of the majority of the Company's subsidiaries. Therefore, the combined costs of these two locations would effectively represent substantially all of the Company's Year 2000 costs. Costs for these locations were approximately \$265,000 through September 30, 1998, and it is anticipated that additional costs will be less than \$600,000. Year 2000 costs have not been material nor are they expected to be material in the future. The Company has estimated costs based on its current knowledge and testing.

The goal of the Company is to be substantially Year 2000 compliant by March 31, 1999. Also, key external parties or service providers may fail to make their systems Year 2000 compliant by the necessary dates. There can be no assurances that this goal will be met or that there will not be failures on the part of external parties. Such circumstances could have a material adverse impact on the Company's operations and financial results.

#### CAUTIONARY STATEMENT

Certain statements contained in this filing are or may be deemed to be "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements relating to the Company's financial position, growth prospects and targets, industry trends, trends in or expectations regarding operations and capital commitments, the sufficiency of claims reserves, estimated premium levels in the accident and health operations, and Year 2000 compliance. Because such statements are based on management's current views and assumptions, they are subject to risks and uncertainties.

Numerous factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements (the "Cautionary Statements"), including, without limitation, (i) general economic conditions affecting the demand for insurance and

reinsurance in the Company's current and planned markets, (ii) material changes in mortality and claims experience, (iii) competitive factors and competitors' responses to the Company's initiatives, (iv) successful execution of the Company's entry into new markets, (v) successful development and introduction of new products, (vi) the stability of governments and economies in foreign markets, (vii) fluctuations in U.S. and foreign interest rates and securities and real estate markets, (viii) the success of the Company's clients, including General American and its affiliates, and (ix) changes in laws, regulations, and accounting standards applicable to the Company and its subsidiaries.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Readers are therefore cautioned not to place undue reliance on such forward-looking statements.

## PART II - OTHER INFORMATION

### ITEM 1 LEGAL PROCEEDINGS

From time to time, the Company is subject to litigation and arbitration related to its reinsurance business and to employment-related matters in the normal course of its business. Management does not believe that the Company is a party to any such pending litigation or arbitration that would have a material adverse effect on its future operations.

### ITEM 5 OTHER INFORMATION

The Securities Exchange Act Rule 14a-8 permits shareholders to submit proposals to be included in the Company's proxy statement for the annual meeting of the shareholders. The Company must consider including a proposal in the proxy statement if the Company receives notice of the proposal at least 120 days prior to the corresponding date of the Company's proxy statement for the previous year's annual meeting. Shareholder proposals submitted outside the processes of Rule 14a-8 must be submitted to the Company by March 15, 1999.

### ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

- (a) See index to exhibits.
- (b) No reports on Form 8-K were filed during the three months ended September 30, 1998.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Reinsurance Group of America, Incorporated

By: /s/ A. Greig Woodring 11/10/98

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A. Greig Woodring  
President & Chief Executive Officer  
(Principal Executive Officer)

/s/ Jack B. Lay 11/10/98

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Jack B. Lay  
Executive Vice President & Chief Financial Officer  
(Principal Financial and Accounting Officer)

## INDEX TO EXHIBITS

| Exhibit<br>Number<br>----- | Description<br>-----   |
|----------------------------|--|
| 3.1                        | Restated Articles of Incorporation of RGA incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 (No. 33-58960) filed on March 2, 1993   |
| 3.2                        | Bylaws of RGA incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 (No. 33-58960) filed on March 2, 1993   |
| 3.3                        | Form of Certificate of Designations for Series A Junior Participating Preferred Stock incorporated by reference to Exhibit 3.3 to Amendment No. 1 to Registration Statement on Form S-1 (No. 33-58960) filed on April 14, 1993 |
| 27.1                       | Financial Data Schedule  |



This schedule contains summary financial information extracted from the condensed consolidated financial statements of the registrant and is qualified in its entirety by reference to such financial statements

1,000  
U.S. DOLLAR

|                             | 9-MOS       |             |             |
|-----------------------------|-------------|-------------|-------------|
|                             | DEC-31-1998 | JAN-01-1998 | SEP-30-1998 |
|                             |             |             | 1           |
| [DEBT-HELD-FOR-SALE]        |             |             | 3,546,144   |
| [DEBT-CARRYING-VALUE]       |             |             | 0           |
| [DEBT-MARKET-VALUE]         |             |             | 0           |
| [EQUITIES]                  |             |             | 9,187       |
| [MORTGAGE]                  |             |             | 213,717     |
| [REAL-ESTATE]               |             |             | 1,573       |
| [TOTAL-INVEST]              |             |             | 4,592,472   |
|                             |             |             | 24,485      |
| [RECOVER-REINSURE]          |             |             | 279,425     |
| [DEFERRED-ACQUISITION]      |             |             | 337,351     |
|                             | 5,846,456   |             |             |
| [POLICY-LOSSES]             |             |             | 4,040,120   |
| [UNEARNED-PREMIUMS]         |             |             | 0           |
| [POLICY-OTHER]              |             |             | 404,899     |
| [POLICY-HOLDER-FUNDS]       |             |             | 0           |
| [NOTES-PAYABLE]             |             |             | 107,695     |
|                             | 0           |             |             |
|                             |             | 0           |             |
|                             |             | 310         |             |
|                             |             | 784,387     |             |
|                             | 5,846,456   |             |             |
| [PREMIUMS]                  |             |             | 822,884     |
| [INVESTMENT-INCOME]         |             |             | 207,606     |
| [INVESTMENT-GAINS]          |             |             | 3,358       |
| [OTHER-INCOME]              |             |             | 17,593      |
| [BENEFITS]                  |             |             | 741,753     |
| [UNDERWRITING-AMORTIZATION] |             |             | 54,098      |
| [UNDERWRITING-OTHER]        |             |             | 116,772     |
|                             |             | 87,810      |             |
|                             |             | 31,563      |             |
|                             | 56,247      |             |             |
|                             |             | 0           |             |
|                             |             | 0           |             |
|                             |             | 0           |             |
|                             |             | 55,783      |             |
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|                             |             | 2.01        |             |
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| [PROVISION-CURRENT]         |             |             | 0           |
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| [CUMULATIVE-DEFICIENCY]     |             |             | 0           |